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BUSINESS CONDITIONS

Vol. 6 No. 12

December, 1933

	ALEXANDER HAMILTON INSTITUTE	BABSON STATISTICAL ORGANIZATION	BROOKMIRE ECONOMIC SERVICE	THOMAS GIBSON	SILBERMAN
GENERAL OUTLOOK	It is probable that downward adjustment which has been in evidence since July has been nearly completed and that manufacturing is now close to a point where it will begin to expand (Dec. 9).	Administration regards NRA not as temporary expedient but as permanent policy; blanket agreement will undoubtedly be renewed until remaining industries are brought under their individual codes (Dec. 18).	Coming year is to be one of betterment in industry, higher corporate incomes and dividends, and one of upward trends in prices of commodities and securities (Dec. 11).	Third recovery movement now getting under way will reach a new high and will be far more substantially represented in the "heavy" industries (Dec. 8).	We are between two worlds, for, but with a future, a future present.
MONEY AND CREDIT	The factor which would conduce most to a price rise or to a quickening of business would be a renewed acceleration of money and deposit turnover (Dec. 2).	Indications point to using silver again in this country for monetary purposes (Dec. 4).	New phase of recovery which appears to be close at hand, if not actually under way, has monetary policy controversy to overcome (Dec. 11).	"Stabilizing the dollar" is not an overnight decision. It will take time and there is no immediate prospect for any such action (Dec. 15).	To have money, finance, or borrow, pertains.
SECURITY MARKETS	Stock market has shown an apparent absence of much public participation and the lack of speculative interest reflected in low volume (Dec. 7).	Congress may prove sobering factor on the market; but business fundamentals indicate that a bullish attitude should be adopted toward stocks for the long pull (Dec. 18).	Market as yet has given no definite indication that a more aggressive advance than has been in evidence for the past six weeks is in immediate offing (Dec. 11).	Sale of American securities at half price or less in order to buy foreign securities and currencies at inflated prices promises loss rather than profit in long run (Nov. 24).	Late suggestion, making market sufficiently deductive.
PRODUCTION	Federal Reserve index of factory output, based on 1923-1925 as 100 was 77 in October as against 83 in September and the 1933 peak of 101 in July (Dec. 9).	Extending from week to week and spreading from industry to industry, gradual turn from a declining trend to stability becomes increasingly evident (Dec. 4).	Recent emphasis of Administration on stimulating activity in capital goods industries is bearing fruit (Dec. 18).	All indications point to substantial gain in output of "durable" goods during early months of 1934 despite the fact that market for new capital remains practically closed (Dec. 15).	Price already, calmer, excuse, political.
DISTRIBUTION	Current trade volume index declined to 104.8, bringing to a halt the rapid upward surge of the past five months (December).	Wholesale firms in New York report a substantial increase in sales over last year (Dec. 18).	Distributive trade has held up well as evidenced by gains in loadings as compared with last year, and by favorable reports on retail distribution, especially in mail order division (Dec. 4).	There is mounting evidence of a rising volume of general trade (Dec. 8).	It is movement, steady, heavy.
BUILDING	Activity on the public works projects will probably not be very great until the early Spring (November).	Public works building contracts brought November figures about 54% above those of year ago. Figures for eleven months to date still show a decrease of 17% (Dec. 18).	Year 1934 will witness a big gain in building construction over the 1933 figures (Dec. 18).	Important barometric index of new construction contracts let has been making successively better showings month by month, with November total at the year's high (Dec. 15).	Then, stimulus, and equities at 16).
AGRICULTURE	November reports show that of 22 major crops, only 8 are larger than a year ago. Among 14 that are smaller, some show exceptionally severe curtailment (Nov. 25).	Substantial improvement in farm districts' purchasing power is shown by agricultural price index, which for month of November shows a 56% improvement over year ago (Dec. 18).	Cash income of farmers is showing phenomenal improvement (Dec. 11).	Should movement toward municipally-owned utilities gain any great momentum, the farm user would be decidedly at a disadvantage (Nov. 17).	It is Administration, measure, impression, (Dec. 1).
COMMODITY PRICES	It is a poor bargain to acquire a high price level at the expense of a sound monetary system (Dec. 9).	Studies indicate higher wholesale and retail prices for 1934. There will be reactions where prices rise too rapidly, and allowance must be made for seasonal influences (Nov. 27).	Expansion in demand, together with a reduction of competition achieved by codes, will tend to strengthen price structure (Dec. 18).	Administration will go ahead with its program and gradually bring about a rise in the domestic price level for commodities (Nov. 17).	Indo, be expected, to industry, production, directly.
FOREIGN TRADE AND CONDITIONS	Whatever action is taken by Bank of France and French government for protection of the franc will depend upon degree of depreciation of the dollar and the pound (Dec. 9).	Steady drain of funds of U. S. investors into foreign securities and banks has continued practically unhindered (Dec. 4).	Physical volume of Canadian business showed a moderate reaction in October. This was first recession since improvement appeared early in 1933 (Dec. 18).	World conditions now point to a great recovery movement (Nov. 24).	The of foreign, experience, the, serious.
LABOR AND WAGES	Earnings per worker rose from \$77.34 in September to \$77.88 in October when they were 16.4% higher than the depression's low of \$66.93 in March (Dec. 9).	Total of 90 strikes recorded last month is the lowest since February and is a clear indication that labor danger which was sharply present in early Fall has now passed (Dec. 11).	Increases in employment did not stop in July, when general industrial activity reached a temporary peak but continued through August and September. Previous gains were maintained in October (Dec. 11).	Present phase of broad recovery movement will witness a greater gain in employment than either the first or second recovery movements (Dec. 8).	R.F. relief, (Dec. 1).

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SECURITY MARKETS	Stock market has shown an apparent absence of much public participation and the lack of speculative interest reflected in low volume (Dec. 7).	Congress may prove sobering factor on the market; but business fundamentals indicate that a bullish attitude should be adopted toward stocks for the long pull (Dec. 18).	Market as yet has given no definite indication that a more aggressive advance than has been in evidence for the past six weeks is in immediate offing (Dec. 11).	Sale of American securities at half price or less in order to buy foreign securities and currencies at inflated prices promises loss rather than profit in long run (Nov. 24).	Late suggestion of market sentiment sufficient to deduct.
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S AND FORECASTS

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1933

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SILBERLING RESEARCH CORPORATION	CLEVELAND TRUST COMPANY	GUARANTY TRUST COMPANY	NATIONAL CITY BANK
<p>We are now in a transition between boom of 1933 and the hoped-for, but still nebulous, boom of 1934, with stimulus of broad inflation also a future probability rather than a present fact (Dec. 9).</p>	<p>The unemployed in durable goods industries are controlling factor in our depression problem, and program for increasing consumer purchasing power promises little help for them (Dec. 15).</p>	<p>General business outlook is still obscured by the complexities and uncertainties of currency situation (Nov. 27).</p>	<p>Decline in trade and industrial operations which has been under way since July has shown signs of flattening out (December).</p>
<p>To hold out prospect of a "stable" money without the slightest assurance of being able to control the borrowing mania or war is sheer impertinence (Nov. 25).</p>	<p>On each earlier occasion when fear of inflation was wide-spread, business recovery has come when the nation declared for sound money (Dec. 15).</p>	<p>Gold-buying program has resulted in a series of developments that are disconcerting, to say the least, to adherents of a sound-money policy (Nov. 27).</p>	<p>New gold buying operations of the Government have overshadowed all other developments in the financial situation (December).</p>
<p>Latest report on brokerage loans suggests that some speculative buying may have been attracted in recent sessions, but change is not of sufficient magnitude to permit broad deductions (Dec. 16).</p>	<p>Price fluctuations in security markets will probably be narrow and irregular during 1934 (Dec. 15).</p>	<p>Not a single important high-grade corporate investment issue has been offered to investing public since Securities Act became effective (Nov. 27).</p>	<p>In present state of bond market, experience bars hope that new investments of private capital will contribute much toward improvement (December).</p>
<p>Prices as a guide to production, already gravely impaired by political meddling, would provide a fresh excuse for a soviet system of direct political control (Nov. 25).</p>	<p>Physical volume of production will not be as great in any month of 1934 as it was in July of 1933, or as small as it was in March (Dec. 15).</p>	<p>General business activity, which has been declining steadily for several months, has shown no definite reversal of trend, although there have recently been signs of greater stability (Nov. 27).</p>	<p>In some cases the necessary adjustment of over-stimulated industries to the going rate of consumption is being completed (December).</p>
<p>It is difficult to see how holiday movement of retail trade can offset steady sag in rail movement of the heavy products (Dec. 9).</p>	<p>Statistics of retail trade show that physical quantities of consumers goods used by the nation have not declined much during the depression (Dec. 15).</p>	<p>Railway freight loadings have entered period of normal seasonal decline, and comparison with last year's figures shows only a fractional gain (Nov. 27).</p>	<p>In terms of the volume of merchandise moved, the retail reports are still unfavorable (December).</p>
<p>There are a few signs of building stimulus, but actual orders for steel and equipment in important quantities are still in the distance (Dec. 16).</p>	<p>Volume of building construction in privately financed undertakings will probably be small in 1934 (Dec. 15).</p>	<p>One of most encouraging features of recent business reports is progress shown by construction industry (Nov. 27).</p>	<p>During first half of November, contracts awarded were slightly larger than in October, contrary to usual seasonal decline, and exceeded November of last year by 35.5% (December).</p>
<p>It is to be expected now that Administration will proceed to new measures designed even further to impress the farm interests favorably (Dec. 16).</p>	<p>Farmers are receiving better prices for crops, and huge bonus payments for destroying part of them (Dec. 15).</p>	<p>Price of corn, wheat, and cotton advanced sharply, while moderate increases were reported in hides and hogs (Nov. 27).</p>	<p>Mail order reports show that farm purchasing power is a very important factor in supporting current trade (December).</p>
<p>Index of basic supplies, as would be expected, tends to vary inversely to index of prices, while index of production varies more or less directly with prices (Dec. 9).</p>	<p>In months directly ahead Administration will attempt to lift prices by monetary manipulation, while price levels stubbornly refuse to rise far or fast (Dec. 15).</p>	<p>Prices of a few basic commodities have advanced sharply, but general movement is very small in comparison with heavy depreciation of dollar in terms of gold and foreign currencies (Nov. 27).</p>	<p>Since gold-buying policy began, the average advance in a weighted list of 15 staple commodities has been less than 4% (December).</p>
<p>There is an ominous probability of foreign retaliations to our strange experiments and in the case of wheat the matter may become rather serious (Dec. 2).</p>	<p>Recovery is now under way and unemployment decreasing in England, which has rejected inflation, and where more new financing has been done this year than in any other of past three years (Dec. 15).</p>	<p>Trade forecast for last quarter of this year, issued by Federation of British Industries, embodied more favorable view than has been expressed for some time (Nov. 27).</p>	<p>New capital issues in Great Britain during the first ten months of this year were the largest in three years (December).</p>
<p>R.F.C. advances for general social relief have about doubled since June (Dec. 2).</p>	<p>Since business activity has been slowing down ever since July, little real improvement is now being made in unemployment conditions despite emergency relief activities (Dec. 15).</p>	<p>Factory employment continued to increase last month, although gain was the smallest since upward movement began last April (Nov. 27).</p>	<p>A. F. of L. calculates that dollar buying power of all workers was nearly \$600,000,000 a month higher than in March, and real buying power 23% higher (December).</p>